

Message Text

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PAGE 01 SANTIA 03886 132021Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 DODE-00 PA-02 PRS-01 L-03 /097 W

----- 035852

R 131645 Z JUN 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3591

INFO AMEMBASSY QUITO

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

UNCLAS SANTIAGO 3886

E.O.11652:N/A

TAG: EINV, CI

SUBJ: ADOPTION OF ECUADOREAN CHAMBER OF COMMERCE PROPOSAL TO
REVIEW ANDEAN INVESTMENT CODE'S DECISION 24

1. FOURTH ANNUAL CONVENTION OF CHAMBERS OF COMMERCE OF
ANDEAN COUNTRIES, MEETING THIS WEEK IN SANTIAGO, PASSED
RESOLUTION CALLING FOR "FUNDAMENTAL REVIEW" OF ANDEAN
PACT INVESTMENT CODE DECISION 24 " WHICH POSES SEVERE
CONSTRAINTS ON FOREIGN INVESTMENT."

2. CONVENTION'S ACTION BASED ON STUDY SUBMITTED BY
ECUADOREAN CHAMBER WHICH, WHILE REAFFIRMING THE ANDEAN
GROUP'S DESIRE TO STIMULATE "HARMONIC AND EVEN DEVELOPMENT
IN EACH MEMBER COUNTRY", POINTS OUT THE COMPLICATED
QUALIFICATIONS REQUIRED OF FOREIGN INVESTORS BEFORE
THEY ARE ALLOWED TO ENTER THE ANDEAN COUNTRIES.
ACCORDING TO RESOLUTION, THIS RESTRICTS AMOUNT OF
INVESTMENT AND DELAYS THAT WHICH EVENTUALLY IS APPROVED.
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3. AS ALTERNATIVE, RESOLUTION SUGGESTS REFORM OF DECISION
24 WHICH WOULD LEAD TO "NEW TREATMENT" OF
FOREIGN INVESTMENT AS FOLLOWS:

A) DOMESTIC INVESTMENT SHOULD BE GIVEN PRIVILEGES
IN ORDER TO MAKE JOINT VENTURES ATTRACTIVE TO FOREIGN INVESTOR:

B) REGULATIONS FORCING GRADUAL DIVESTMENT BY
FOREIGN INVESTORS SHOULD BE ELIMINATED;

C) NEW MECHANISM SHOULD BE FORMED TO STUDY ORIGIN
AND PROPOSED PURPOSE OF FOREIGN INVESTMENT IN EACH COUNTRY:

D) NEW MECHANISM SHOULD BE CREATED TO ESTABLISH
"STRATEGIC SECTORS" IN MEMBER COUNTRIES.

4. COMMENT: VAGUE CHARACTER OF PROPOSED REMEDIES, FOLLOWING FAIRLY
CLEAR ANALYSIS OF PROBLEM, PROBABLY REFLECTS CONTINUING
AMBIVALENCE ABOUT FOREIGN INVESTMENT IN ANDEAN PRIVATE SECTOR.
POPPER

UNCLASSIFIED

NNN

*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED
@@@OASYS@@@<CONCATENATED>

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*** Current Classification *** UNCLASSIFIED

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Disposition Date: 01 JAN 1960
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Review Exemptions: n/a
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Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 971028
Subject: ADOPTION OF ECUADOREAN CHAMBER OF COMMERCE PROPOSAL TO REVIEW ANDEAN INVESTMENT CODE'S DECISION 24
TAGS: EINV, CI, XM, ANDEAN PACT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006